

House File 2064 - Introduced

HOUSE FILE 2064

BY WHEELER

A BILL FOR

1 An Act creating a money transfer service fee and related
2 income tax credit, providing for deposit of the fees in the
3 natural resources and outdoor recreation trust fund, making
4 penalties applicable, providing a contingency for repeal,
5 and including retroactive applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. **422.10C Money transfer service fee**
2 **tax credit.**

3 1. The taxes imposed under this division, less the credits
4 allowed under section 422.12, shall be reduced by a money
5 transfer service fee tax credit equal to the amount of money
6 transfer service fees under section 533C.104 paid by the
7 taxpayer during the tax year.

8 2. A credit shall not be allowed under this section to
9 an individual who does not include on the tax return for the
10 taxable year such individual's valid taxpayer identification
11 number and, if the individual is married, the valid taxpayer
12 identification number of such individual's spouse. For
13 purposes of this subsection, "*taxpayer identification number*"
14 means the same as defined in section 32 of the Internal Revenue
15 Code.

16 3. Any credit in excess of the tax liability is refundable.
17 In lieu of claiming a refund, the taxpayer may elect to have
18 the overpayment shown on the taxpayer's final, completed return
19 credited to the tax liability for the following tax year.

20 Sec. 2. NEW SECTION. **533C.104 Money transfer service fee —**
21 **licensee requirements — enforcement.**

22 1. For purposes of this section, unless the context
23 otherwise requires:

24 *a.* "*Department*" means the department of revenue.

25 *b.* "*Director*" means the director of revenue.

26 *c.* "*Money transfer service*" means the transmission of
27 money by any means including transmission within this country
28 or to or from locations abroad by payment instrument, wire,
29 facsimile, or electronic transfer, courier, or otherwise.

30 2. *a.* A licensee and the authorized delegates of a licensee
31 shall collect from customers a money transfer service fee of
32 five dollars for each money transfer service transaction and
33 in addition to such fee, if applicable, an amount equal to one
34 percent of the amount of the money transfer service transaction
35 in excess of five hundred dollars.

1 *b.* Money transfer service fees shall be remitted to the
2 department by licensees and their authorized delegates who
3 furnish money transfer services.

4 *c.* The department, in consultation with the superintendent,
5 shall administer and enforce the money transfer service fee as
6 nearly as possible in conjunction with the administration and
7 enforcement of the state sales and use tax law, except that
8 portion of the law which implements the streamlined sales and
9 use tax agreement.

10 *d.* The director may require licensees and their authorized
11 delegates to register with the department for purposes of this
12 section. The director may also require a permit applicable
13 only to this section for any licensee or the authorized
14 delegate of a licensee not collecting taxes under chapter 423.

15 *e.* All powers and requirements of the director to administer
16 the state sales and use tax law are applicable to the
17 administration of the money transfer service fee, including but
18 not limited to the provisions of section 422.25, subsection 4,
19 sections 422.30, 422.67, and 422.68, section 422.69, subsection
20 1, sections 422.70 through 422.75, section 423.14, subsection
21 1 and subsection 2, paragraphs "b" through "e", and sections
22 423.15, 423.23, 423.24, 423.25, 423.31 through 423.35, 423.37
23 through 423.42, 423.46, and 423.47.

24 *f.* Failure by licensees or their authorized delegates to
25 collect and remit money transfer service fees or to comply with
26 any other provision of this section shall subject the licensee
27 and the authorized delegates of a licensee to the enforcement
28 provisions of article 7 of this chapter. The director and
29 the department shall cooperate with the superintendent in
30 identifying violations of this section and in discharging the
31 superintendent's enforcement responsibilities under article 7
32 of this chapter.

33 *g.* All money transfer service fees collected under this
34 section shall be deposited in a separate account in the natural
35 resources and outdoor recreation trust fund created in section

1 461.31.

2 3. A licensee and the authorized delegates of a licensee
3 furnishing money transfer services shall post a notice in the
4 form and manner prescribed by the superintendent that notifies
5 customers that upon filing an individual income tax return with
6 a valid taxpayer identification number, the customer shall be
7 entitled to an individual income tax credit equal to the amount
8 of money transfer service fees paid by the customer during the
9 tax year.

10 Sec. 3. CONTINGENT REPEAL. Section 533C.104, as enacted
11 by this Act, is repealed if the general assembly repeals the
12 personal net income tax in chapter 422, division II.

13 Sec. 4. RETROACTIVE APPLICABILITY. The following provision
14 or provisions of this Act apply retroactively to January 1,
15 2018, for tax years beginning on or after that date:

16 The section of this Act enacting section 422.10C.

17 EXPLANATION

18 The inclusion of this explanation does not constitute agreement with
19 the explanation's substance by the members of the general assembly.

20 This bill establishes a money transfer service fee and
21 related income tax credit.

22 The bill requires a licensee under Code chapter 533C, the
23 uniform money services Act, to collect from customers a money
24 transfer service fee of \$5 for each money transfer service
25 transaction and, if applicable, an amount equal to 1 percent of
26 the amount of a money transfer service transaction in excess
27 of \$500. The bill defines "money transfer service" as the
28 transmission of money by any means, including transmission
29 within this country or to or from locations abroad by payment
30 instrument, wire, facsimile, or electronic transfer, courier,
31 or otherwise.

32 The bill requires licensees to remit the money transfer
33 service fees collected to the department of revenue. The
34 bill requires the department, in consultation with the
35 superintendent of banking, to administer and enforce the money

1 transfer service fee as nearly as possible in conjunction with
2 the administration and enforcement of the state sales and use
3 tax law, except that portion of the law which implements the
4 streamlined sales and use tax agreement.

5 The bill permits the director of revenue to require
6 licensees to register with the department for purposes of
7 the bill. The bill permits the director to require a permit
8 applicable only to the collection of money transfer service
9 fees for any licensee not collecting sales and use taxes under
10 Code chapter 423. The bill provides that all powers and
11 requirements of the director to administer the state sales and
12 use tax law are applicable to the administration of the money
13 transfer service fee.

14 The bill provides that failure by licensees to collect and
15 remit money transfer service fees or to comply with any other
16 provision of the bill shall subject the licensee to specified
17 enforcement provisions of article 7 of Code chapter 533C. The
18 bill requires the director and the department to cooperate
19 with the superintendent in identifying violations of this
20 division and in discharging the superintendent's enforcement
21 responsibilities under article 7 of Code chapter 533C.

22 Penalties provided for in article 7 of Code chapter 533C
23 include suspension and revocation of a license under Code
24 chapter 533C, civil penalties, and criminal penalties that
25 include class "C" and "D" felonies and aggravated and simple
26 misdemeanors. A class "C" felony is punishable by confinement
27 for no more than 10 years and a fine of at least \$1,000 but
28 not more than \$10,000. A class "D" felony is punishable by
29 confinement for no more than five years and a fine of at least
30 \$750 but not more than \$7,500. An aggravated misdemeanor
31 is punishable by confinement for no more than two years and
32 a fine of at least \$625 but not more than \$6,250. A simple
33 misdemeanor is punishable by confinement for no more than 30
34 days or a fine of at least \$65 but not more than \$625 or by
35 both.

1 The bill provides that all money transfer service fees
2 collected shall be deposited in the natural resources and
3 outdoor recreation trust fund.

4 The bill requires a licensee furnishing money transfer
5 services to post a notice in the form and manner prescribed
6 by the superintendent that notifies customers that upon
7 filing an individual income tax return with a valid taxpayer
8 identification number, the customer shall be entitled to an
9 individual income tax credit equal to the amount of money
10 transfer service fees paid by the customer during the tax year.

11 The bill also applies to authorized delegates of a licensee
12 under Code chapter 533C.

13 The bill provides an individual income tax credit equal to
14 the amount of money transfer service fees paid by the taxpayer
15 during the tax year. The credit shall not be allowed to an
16 individual who does not include on the tax return for the
17 taxable year the individual's valid taxpayer identification
18 number and that of the individual's spouse if applicable. The
19 bill provides that the credit is refundable and may be credited
20 to the individual's tax liability for the following tax year.
21 The provision enacting the tax credit applies retroactively to
22 January 1, 2018, for tax years beginning on or after that date.

23 The bill provides a contingency for the repeal of the money
24 transfer service fee if the general assembly repeals the
25 personal net income tax in Code chapter 422, division II.